

SENATE BILL 123

F1
SB 366/10 – EHE

11r1155
CF 11r1154

By: **Senators Astle, Reilly, and Simonaire**
Introduced and read first time: January 24, 2011
Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Education – Public Charter School Facility Revolving Loan Fund**

3 FOR the purpose of establishing the Public Charter School Facility Revolving Loan
4 Fund; requiring the Governor to provide a certain amount of money in the State
5 budget for the Fund; specifying the purpose of the Fund; authorizing certain
6 applicants to obtain loans from the Fund; requiring the State Board of
7 Education to administer the Fund and to consider certain factors when
8 evaluating loan applications; specifying loan amounts; requiring the State
9 Board to report certain information to county boards of education each fiscal
10 year; establishing certain requirements for loan repayment; making a certain
11 county governing body or county board of education liable for loan repayment
12 under certain circumstances; requiring the State Board to adopt certain
13 regulations; and generally relating to the Public Charter School Facility
14 Revolving Loan Fund.

15 BY adding to
16 Article – Education
17 Section 9–111
18 Annotated Code of Maryland
19 (2008 Replacement Volume and 2010 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article – Education**

23 **9–111.**

24 **(A) IN THIS SECTION, “FUND” MEANS THE PUBLIC CHARTER SCHOOL**
25 **FACILITY REVOLVING LOAN FUND.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 **(B) (1) THERE IS A PUBLIC CHARTER SCHOOL FACILITY REVOLVING**
2 **LOAN FUND.**

3 **(2) THE FUND IS A SPECIAL, NONLAPSING FUND CONSISTING OF**
4 **FUNDS APPROPRIATED IN THE STATE BUDGET AND SO DESIGNATED IN THE**
5 **CAPITAL IMPROVEMENT PROGRAM OF THE PUBLIC SCHOOL CONSTRUCTION**
6 **PROGRAM.**

7 **(3) THE GOVERNOR SHALL PROVIDE \$400,000 IN THE CAPITAL**
8 **IMPROVEMENT PROGRAM OF THE PUBLIC SCHOOL CONSTRUCTION PROGRAM**
9 **FOR THE FUND.**

10 **(C) THE PURPOSE OF THE FUND IS TO LEND MONEY TO APPROVED**
11 **APPLICANTS FOR PUBLIC CHARTER SCHOOL FACILITIES.**

12 **(D) (1) ON APPLICATION BY A PUBLIC CHARTER SCHOOL APPLICANT**
13 **AND APPROVAL BY THE STATE BOARD OR ITS DESIGNEE, THE APPLICANT MAY**
14 **OBTAIN A LOAN FROM THE FUND FOR THE CONSTRUCTION, PURCHASE,**
15 **RENOVATION, AND MAINTENANCE OF A PUBLIC CHARTER SCHOOL FACILITY.**

16 **(2) (I) IN ANY FISCAL YEAR:**

17 **1. A SINGLE LOAN TO A PUBLIC CHARTER SCHOOL**
18 **MAY NOT EXCEED \$100,000; AND**

19 **2. AGGREGATE LOANS TO A PUBLIC CHARTER**
20 **SCHOOL MAY NOT EXCEED \$150,000.**

21 **(II) OVER A PERIOD OF 5 FISCAL YEARS, AGGREGATE LOANS**
22 **TO A PUBLIC CHARTER SCHOOL MAY NOT EXCEED \$500,000.**

23 **(E) WHEN MAKING A DETERMINATION WHETHER TO APPROVE A PUBLIC**
24 **CHARTER SCHOOL FACILITY LOAN FROM THE FUND, THE STATE BOARD OR THE**
25 **BOARD'S DESIGNEE SHALL CONSIDER THE FOLLOWING FACTORS:**

26 **(1) THE SOUNDNESS OF THE FINANCIAL BUSINESS PLAN OF THE**
27 **APPLICANT;**

28 **(2) THE AVAILABILITY OF OTHER SOURCES OF FUNDING TO THE**
29 **PUBLIC CHARTER SCHOOL;**

30 **(3) THE GEOGRAPHIC DISTRIBUTION OF LOANS FROM THE FUND;**

1 **(4) WHETHER A LOAN FROM THE FUND WILL IMPROVE THE**
2 **LIKELIHOOD THAT THE PUBLIC CHARTER SCHOOL WILL RECEIVE OTHER**
3 **PRIVATE OR PUBLIC FUNDING;**

4 **(5) INNOVATIVE PLANS THAT THE PUBLIC CHARTER SCHOOL HAS**
5 **TO USE MONEY RECEIVED FROM THE FUND TO ENHANCE OR LEVERAGE OTHER**
6 **FUNDING OPPORTUNITIES, INCLUDING LOAN GUARANTEES OR OTHER TYPES OF**
7 **CREDIT ENHANCEMENTS; AND**

8 **(6) THE FINANCIAL NEEDS OF THE PUBLIC CHARTER SCHOOL.**

9 **(F) (1) ON OR BEFORE SEPTEMBER 1 OF EACH FISCAL YEAR, THE**
10 **STATE BOARD SHALL REPORT TO EACH COUNTY BOARD THE BALANCE**
11 **OUTSTANDING ON ANY LOAN FROM THE FUND TO A PUBLIC CHARTER SCHOOL**
12 **IN THE COUNTY.**

13 **(2) (I) BEGINNING WITH THE FIRST FISCAL YEAR FOLLOWING**
14 **THE FISCAL YEAR IN WHICH A PUBLIC CHARTER SCHOOL RECEIVED A LOAN**
15 **FROM THE FUND, THE PUBLIC CHARTER SCHOOL SHALL REMIT TO THE STATE**
16 **BOARD THE REQUIRED ANNUAL REPAYMENT AMOUNT AGREED ON BY THE**
17 **STATE BOARD AND THE PUBLIC CHARTER SCHOOL.**

18 **(II) A LOAN FROM THE FUND, TOGETHER WITH INTEREST IN**
19 **THE AMOUNT REQUIRED BY THE STATE BOARD, SHALL BE REPAYED IN EQUAL**
20 **ANNUAL INSTALLMENTS OVER A PERIOD, NOT TO EXCEED 15 YEARS, AGREED TO**
21 **BY THE PUBLIC CHARTER SCHOOL AND THE STATE BOARD.**

22 **(III) ALL MONEY COLLECTED BY THE STATE BOARD UNDER**
23 **THIS SECTION SHALL BE CREDITED TO THE FUND.**

24 **(G) IF A PUBLIC CHARTER SCHOOL DEFAULTS OR IS UNABLE TO REPAY**
25 **A LOAN GRANTED UNDER THIS SECTION, THE COUNTY GOVERNING BODY OR**
26 **THE COUNTY BOARD IN THE COUNTY IN WHICH THE PUBLIC CHARTER SCHOOL**
27 **IS LOCATED MAY BE REQUIRED TO REPAY THE REMAINING BALANCE OR**
28 **INTEREST ON THE LOAN.**

29 **(H) THE STATE BOARD SHALL ADOPT REGULATIONS TO IMPLEMENT**
30 **THIS SECTION.**

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 2011.